

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RESIDENTIAL CAPITAL, LLC, *et al.*,

Debtor.

Case No. 12-12020 (MG)

Chapter 11

Jointly Administered

**ORDER TO SHOW CAUSE WHY SANCTIONS SHOULD NOT BE ENTERED
AGAINST WILLIAM J. FUTRELL AND THOMAS D. MARGOLIS, ESQ.**

William J. Futrell (“Futrell”) filed Claim No. 725 (the “Claim”) against GMAC Mortgage, LLC (“GMACM”) and Residential Capital, LLC (“ResCap”) on September 24, 2012. On July 14, 2015, the Court sustained in part and overruled in part the ResCap Borrower Claims Trust’s (the “Trust”) objection to the Claim. (ECF Doc. # 8887.) The objection to Futrell’s Claim was sustained except for Futrell’s Claim for violations of section 6 of RESPA, which was overruled. Futrell is represented by Thomas D. Margolis, Esq. (“Margolis”) of Muncie, Indiana in connection with the claim objection. On September 9, 2015, the Court entered a Case Management and Scheduling Order relating to the remaining RESPA Claim. (“Scheduling Order,” ECF Doc. # 9341.) The Scheduling Order required counsel for the parties to submit a Joint Pretrial Conference Order within thirty days after the later of the close of fact or expert discovery. Trial of this contested matter is scheduled for January 26, 2016.

After Margolis failed to confer with the Trust’s counsel, as required, about the Joint Pretrial Conference Order, the Trust’s counsel submitted a proposed Pretrial Conference Order without the sections required to be completed by Margolis. (ECF Doc. # 9312.) The Court declined to enter the proposed Pretrial Order, but on November 18, 2015, the Court entered the *Order Establishing Deadline for Claimant’s Counsel to Confer With Borrower Trust’s Counsel*

(“Order Establishing Deadline,” ECF Doc. # 9341), requiring Margolis to confer with the Trust’s counsel and submit the information required to complete the Joint Pretrial Order on or before December 2, 2015. *The Order Establishing Deadline also provides that “the failure of Claimant’s counsel to comply with this Order may result in the imposition of sanctions, including possibly precluding the Claimant from offering any evidence at trial (including witnesses and documents).”*

On December 4, 2015, the Trust’s counsel wrote a letter to the Court advising that Margolis failed to comply with the Order Establishing Deadline. (ECF Doc. # 9385.)

NOW, THEREFORE, Thomas D. Margolis, Esq. and William J. Futrell shall show cause at a hearing to be held at 4:00 p.m., Tuesday, January 5, 2016, in Courtroom 501 of the United States Bankruptcy Court for the Southern District of New York, why sanctions should not be entered against Margolis and Futrell, including:

1. monetary sanctions against Margolis in an amount to be determined at the hearing for failure to comply with Court orders; and
2. sanctions against Futrell precluding him from introducing evidence at trial (including witnesses and documents).

Margolis shall appear in Court in person at the January 5, 2016 hearing. Futrell may appear by telephone if he makes arrangements to do so through Court Call.

IT IS SO ORDERED.

Dated: December 4, 2015
New York, New York

Martin Glenn
MARTIN GLENN
United States Bankruptcy Judge